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CENTRAL INTELLIGENCE AGENCY

25 February 1957

DRAFT MEMORANDUM FOR THE DCI

FROM : DD/I

SUBJECT: Italian Socialist Unification

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I. Unification in some form appears highly likely

- A. Rank and file in both parties favor it.
- B. Original cause of schism, i.e., cooperation with the Communists, no longer exists.
- C. Important leaders of the Socialist International (Bevan, Phillips, Commis) are for it.
- D. Nenni has staked his political life on it, and he has a large popular following.
- E. Thus, even if the PSI and PSDI bureaucrats drag their feet, cooperation and even merger at local levels will probably take place anyway.

II. Consequences of Unification

A. Benefits

- 1. The present time is excellent one to capitalize on Communist disaffection and confusion by providing a leftist democratic alternative of sufficient size and potential to attract the votes of the disaffected Communists.
- 2. The present center coalition has failed to meet popular demands for social and economic reforms. This is due largely to dissension within the coalition and the CD. It has resulted in a shift to the left in recent elections. Continued immobilism will accelerate this trend and might even lead voters back into the Communist fold when the memory of Hungary fades. A unified democratic socialist party would voter movement to extreme left.

3. A strong democratic alternative on the left would strengthen Italian democracy.

B. Risks

1. Unification would threaten the present coalition and possibly precipitate elections prior to scheduled date in 1958. The chances of the CD's winning a majority are not good. This would enhance the chances of the CD-Socialist coalition and of a consequent split in the CD.
2. A Socialist-CD coalition would probably lead to some reduction in Italian support of NATO and in US influence over the Italian government.
3. There would be a latent danger that the party sooner or later would be led back into cooperation with the Communists or into some form of united front.
4. The trade union question would almost certainly be left unresolved. This would leave many Socialists in CGIL, in which Communist influence predominates and where they might be used for Communist political purposes. There would be pressure to dissolve UIL, which is pristine in its non-Communism.
5. The new party would have financial problems which would subject some leaders and functionaries to Communist pressure.

C. Magnitude of the Risks

1. A CD-Socialist coalition might split the CD, but we think the chances are less than even (the Vatican probably would not want the party to split, even under these circumstances). There might be defections from the CD right wing into the Liberal Party or the formation of a new conservative grouping. In this way, there might develop a situation similar to that in Germany. In the long run, this would be healthy. It would put the predominant faction of the CD (Fanfani et al) in a powerful political position as the pivotal party able to turn either left or right to constitute a workable coalition.

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2. A decline in Italian enthusiasm for NATO and a reduction in US influence are likely in any case. This is a trend in Europe as whole. Italy has been an exception in the past because (a) NATO demands on Italy have been meager, and (b) the weakness of Italian democracy has encouraged the CD leaders to lean on the US. Nenni has come as far toward NATO and away from Communism as can reasonably be expected; his position on both is almost identical with that of Saragat when the latter broke away from Nenni in 1947-48. The Socialist International will be a locus of pro-Western pressure. In any case, a unified Italian Socialist party would not be greatly different from other European socialist parties, most of which contain pro-NATO and neutralist elements but have acted responsibly in foreign affairs.
3. Italian trade unionism has always been a weak point in Italian democracy because of the close connection of unions with particular political parties. Some CGIL leaders, including some Communists as well as PSI leaders, would like to take the CGIL out of politics. Perhaps UIL can be used as bargaining counter in a long-term program to constitute a single non-political union (as in Germany).
4. Organizations outside Italy, including the Socialist International, could help with financial problems.
5. The possibility of future Socialist-Communist cooperation now appears fairly slim. Nenni has pretty well burnt the bridges behind him. Anti-Soviet sentiment is high. The danger of renewed Socialist-Communist cooperation would be greater if unification is prevented than if unification occurs.

III. Policy Considerations

- A. Considering the likelihood of merger and the benefits to be gained, we should seek to minimize the risks and to capitalize on the advantages. In general, we should try to guide and influence the merger along the following lines:

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1. We should try to insure that the PSDI faction retains influence.
 2. We should try further to isolate the pro-Communist faction of the PSI.
 3. We should attempt to gain influence among the moderates in the PSI.
 4. We should take no action which would cause anyone to allege US interference or would permit exploitation by the anti-US elements in the PSI.
- B. We should try to prevent an open split in the CD, but should not necessarily attempt to prevent defections from the CD right wing.
- C. We should encourage the development of a conservative party on the right which is democratic but capable of absorbing Catholic and lay elements.

Appendix to Draft Memorandum for DCI, Subject: Italian Socialist
Unification, dated 25 February 1957. Please attach.

APPENDIX

- I. Though the timing and terms are uncertain, Italian Socialist unification is highly likely, either officially or de facto.
 - A. The grassroots of both parties appear to be growing toward each other as both see the possibility of becoming a strong united group that could influence government policy.
 1. Before the May, 1956 local elections, the Democratic Socialists called on Nenni's party to reunify with them, and after the elections announced they would pursue the matter.
 2. The results of the May elections were apparently construed by both parties as a mandate for reunification.
 - a. The Democratic Socialists, who had been steadily losing in previous elections since 1948, showed gains in the May elections in areas where the Nenni Socialists ran on joint lists with the Communists.
 - b. The Nenni Socialists, who had been gaining steadily since 1948, showed gains in 1956 only in those areas where they ran on separate lists from the Communists.
 3. There have been numerous reports of increasing collaboration between the two parties at the field level.
 - a. They are collaborating in the conduct of various local governments in which the center coalition did not win a majority in the May elections.
 - b. They have run on joint lists in certain 1957 local elections.
 - c. Local party headquarters now share the same offices in certain towns.

- [REDACTED]
- B. Many Democratic Socialists believe that without the Nenni Socialists they have no chance of becoming an alternative to the Christian Democrats.
 - 1. Democratic Socialists favoring reunification gained additional seats on the party directorate at its 1955 congress.
 - C. The Nenni Socialists are evidently aware that alliance with the Communists is no longer profitable.
 - 1. The consensus of the Nenni Socialists' February congress overwhelmingly favored independence from the Communists, but not an "anti-Communist" position.
 - 2. A resolution aimed at merger with the Democratic Socialists was almost unanimously approved.
 - 3. The congress enthusiastically supported sharp condemnations of Soviet activities in Poland and Hungary.
 - 4. The congress accepted NATO as "an instrument of defense," although at the same time it supported the idea of a neutral strip down the center of Europe, an idea which has been proved by Socialists and non-Socialists in various European countries.
 - D. There have been numerous indications that President Gronchi, who has long been interested in a British Labor type of Italian party, would favor Socialist reunification.
 - 1. Gronchi is in a position to exert considerable political influence including possibly blocking early national elections in order to give a reunified party more time to organize.
 - E. Christian Democratic secretary general Fanfani, who has appeared to fear competition as well as to mistrust the bona fides of a strong Socialist party, apparently expects it to happen.
 - 1. He is reportedly seeking to move the date of the next national elections from 1958 to 1957 in an attempt to hold them before Socialist reunification takes place.

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- F. Elements of the Socialist International are working to bring about Italian Socialist reunification.

II. Reunification will be on a democratic basis.

- A. The Nenni Socialists, although they intend to continue to work with the Communists in such areas as the labor unions and co-operatives, have clearly adopted an independent and critical attitude toward Communist Party policy.
 - 1. The party's position on major issues appears to be evolving along the lines followed by Democratic Socialist chief Saragat after he left Nenni's party early in 1947.
 - a. At the time the NATO was being organized, Saragat threatened to leave the cabinet in a protest against Italian participation. He now insists on support of NATO as one of the terms of a Socialist merger.
 - b. When he left Nenni's party in protest against Communist domination, Saragat said, as does Nenni now, "We will never be anti-Communist." Saragat is now decidedly anti-Communist.
- B. The Nenni Socialists need the confidence of the plurality party, the Christian Democrats, in order to participate in the government.
 - 1. The Christian Democrats would not collaborate with an "undemocratic" party. Extremists of right or left are unacceptable to the party as a whole, which would judge the new party by performance on specific issues.
 - a. There is no evidence to indicate that the Christian Democrats would be taken in by any Communist-sponsored Nenni Socialist maneuver.
- C. The trend in Italy is away from the Communists, particularly since Hungary.

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- D. Both Togliatti and the Soviet press have indicated alarm at indications that the Nenni Socialists will "capitulate" to the Democratic Socialists.
 - E. Left-wing elements in Nenni's party have shown a similar fear since the developments in Hungary.

III. Socialist reunification on a democratic basis would be a development favorable to US interests.

- A. It would tend to isolate the Communist Party from its former Socialist allies.
 - 1. The Communists will find it difficult to follow the Nenni Socialists to the right on specific issues such as foreign policy and support of the Wage-freeze provisions of the Vanoni Plan.
 - a. Example is the Senate vote for government action on EURATOM and the Common Market on 15 February, when the Nenni Socialists abstained and the Communists remained in solitary opposition.
- B. A strong Socialist Party can weaken the Communists by:
 - 1. Offering dissident Communists, disenchanted by Soviet developments, a place to go.
 - 2. Making possible a Christian Democrat-Socialist government with a stable parliamentary majority which need not temporize with the Communists.
 - 3. Pushing the government into implementation of long-needed socio-economic reforms which could cut the ground from under the Communists.

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IV. Risks Involved

A. Communist ties with a reunified Socialist Party

1. The current extent of infiltration by Communists and pro-Communists in Nenni's party is unclear, although there have been numerous reports of the movement of former pro-Communists to jump on Nenni's bandwagon.
2. Nenni did not win control of the central committee at his party's February congress, but does appear to have organized working control of the secretariat. The left-wingers who won a plurality on the central committee have announced support of reunification, but of a "neutralist" foreign policy.

B. Foreign Policy

1. The extent and character of the "neutralism" within Nenni's party is unclear. There appears to be no possibility, however, ever, that Nenni Socialist elements in a reunified party could dominate the Italian government's foreign policy in the face of combined Christian Democratic and Social Democratic strength.

C. Labor Unions

1. The Nenni Socialists insist on remaining inside the Communist-dominated CGIL. The Communists within this organization, however, are reportedly losing prestige and influence to the Nenni Socialists, and some observers believe that if Communist influence in the CGIL is not neutralized by current defections, the non-Communists in the organization, including the Nenni Socialists, might quit to form a Socialist confederation.

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